

NSC BRIEFING

5 February 1958

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PTIAN UNION

- I. Although the press is treating Egyptian-Syrian union as a fact, details of union are far from settled, except that Nasir will be boss. Reactions among Arab states to union vary widely.
- II. In Syria, public reaction to last Saturday's declaration was slow--not until government declared Sunday a national holiday that celebrations began...parades, banners, slogans chanted.
 - A. Despite assurance that no drastic economic changes are imminent Syrian business community is apprehensive over the effect of union.
 1. Heavy demand on foreign exchange developed--dollars, pounds sterling, Lebanese pounds, and even French francs are sought to replace Syrian pound holdings. Syrian Central Bank is making open market purchases of Syrian pounds with dollars to maintain confidence in the normally strong Syrian pound. However, the Syrian pound has dropped 10% on the Beirut free money market.
 - B. Christians and other minority groups reported disconsolate, asserting that Communist threat already eliminated and another dictatorship unwanted. Extra guards on Soviet Embassy, probably to preclude anti-Soviet demonstrations or bombings.
 - C. Syrian labor circles decidedly unenthusiastic over prospect of emigration of "millions" of Egyptian peasants to Syria, which would depress wage levels and aggravate unemployment.

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D. These fears and dissatisfactions may generate trouble over the long-term; at present they are just mutterings.

III. Egyptian officials and public are apathetic although the govt-controlled press continues to give the union its full backing. Radio Cairo now identifies itself as "the United Arab Republic Broadcasting Station in Cairo."

A. The schedule for implementation of the union is as follows:

1. On 5 February the Egyptian and Syrian Parliaments "roared approval" of constitution; President Quwatli has nominated Nasir as president of union with absolute power for an indefinite period.
2. On 21 February a plebiscite for approval of president and transitional constitution; present parliaments to be dissolved and replaced by a Nasir-appointed 400-man parliament. Syrian representation would amount to about one-half. New parliament to be announced about week later. Nasir will appoint executive councils for both Egypt and Syria which remain as separate regions.

B. Cairo press reports on temporary constitution state it will invite other Arab states to join, either in complete unity or as a part of a federal union--a pitch to those states which are unwilling to sacrifice their present governmental structures.

C. Egyptians, too, are beset by economic worries. Financial authorities are convinced that any merging of the financial structure of the two countries would be disastrous for Egypt. They believe that the economies are too dissimilar and Egypt is too close to the "financial brink" to undertake even minor economic adventures.

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- B. ~~Iraq~~ has decided to withdraw its ambassadors from Egypt and Syria, and to withhold recognition of the Egyptian-Syrian union. King Hussayn may follow Iraq's example. However, the Iraqi foreign minister has intimated Iraq could not afford to be the only Arab state, except Jordan, which failed to recognize the union. He is also anxious to know what the US position will be.
- C. In Lebanon, high Christian officials fear an end to the precarious balance between Christians and Muslims as the Muslim majority falls under the spell of Arab unity. Parliamentary sessions taking on a confessional character. Some moderate officials foresee pressure to draw Lebanon away from its pro-Western orientation and ultimately to some form of union with the United Arab Republic.

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The country

is entering a period of increased tension, the degree depending on the extent of Syrian-Egyptian agitation.

D. In Kuwait, gala celebrations, drummed up by Egyptian teachers welcomed union and advocated Kuwaiti adherence thereto.

E. Press reports state that Yemen's crown Prince Badr has arrived in Cairo. Syrian Foreign Minister says Badr intends to have Yemen confederate with the union.

V. Israeli leaders are doubtful that the union will succeed in practice. If it does, they believe the union will pose an immediate danger to Jordan. They say Jordan's adherence would then be a military threat to their country.

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